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RUEHLM/AMEMBASSY COLOMBO PRIORITY 0455  
RUEHKA/AMEMBASSY DHAKA PRIORITY 0477  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2165  
RUEHBUL/AMEMBASSY KABUL PRIORITY 0914  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0962  
RUEHKO/AMEMBASSY TOKYO PRIORITY 0301  
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY  
RHMFIUU/CDR USCENCOM MACDILL AFB FL//CCJ2/HSE/CCJ5// PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEFDIA/DIA WASHINGTON DC//DHO-2/REA/NMJIC-J2// PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEKJCS/SECDEF WASHINGTON DC PRIORITY  
RUEKJCS/JOINT STAFF WASHINGTON DC//J5/RUE// PRIORITY

UNCLAS ASHGABAT 000749

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STATE FOR SCA/CEN, EEB; COMMERCE FOR HUEPER; ENERGY FOR  
EKIMOFF

E.O. 12958: N/A

TAGS: [PREL](#) [EPET](#) [EINV](#) [ECON](#) [TX](#)

SUBJECT: CHEVRON PREPARING TO OPEN FOR BUSINESS IN  
TURKMENISTAN

[1](#)1. (U) Sensitive but Unclassified -- not for public Internet.

[1](#)2. (SBU) SUMMARY: During a July 26 meeting, Chevron's Director of Business Development for the CIS, Gerry Harris, told A/DCM that his company had just submitted two proposals to Turkmenistan's State Agency for Hydrocarbon Management and Use -- one for a block under dispute by Azerbaijan and Turkmenistan (a subsequent article confirmed it was the block containing Kyapiz/Serdar island), and one for a gas field in eastern Turkmenistan. Although the embassy has been told that Burried Hill and Lukoil are also interested in the same block, Chevron is already setting up an office in Turkmenistan. This represents the first serious bid by a world-class western company since ExxonMobil left in the 1990's. END SUMMARY.

[1](#)3. (SBU) During a July 26 meeting with A/DCM that was meant to discuss how the embassy might more effectively assist Chevron executives with future visits to Turkmenistan, Gerry Harris, Chevron's Director of Business Development in the CIS, who accompanied the local representative, Alexander Zaits, informed post that Chevron has identified a building for an Ashgabat office and is ready to sign a lease. Chevron believes that it will have a completely operational office staffed with expats in two to three months. Over the next month, Chevron will send a series of assessment teams to evaluate housing, education, medical facilities and security.

[1](#)4. (SBU) Earlier that day, Chevron said, it had also presented two proposals to the State Agency for Hydrocarbon Management and Use ("State Agency"):

-- To develop a discovery in the Southern Caspian, located in a disputed area. (NOTE: A Platt Commodity report later reported that Chevron executive Ian MacDonald had stated that Chevron had bid on the block containing Kyapaz/Serdar island. END NOTE.) Chevron said it has already informed SOCAR that it is pursuing a deal with Turkmenistan in the disputed area

"so there are no surprises." Chevron has also pointed out to SOCAR that the lack of Caspian delimitation is not a barrier for it to start developing disputed area fields.

-- To develop a gas field in eastern Turkmenistan. Chevron indicated that PDAS Mann,s efforts helped make Turkmenistan's government more receptive to this offer.

15. (SBU) Chevron has also launched a training program for the State Agency and flew in an economist from California for the first two-hour economics class, which dealt with investment practices and how western oil and gas companies work. The State Agency was very interested in the course and asked whether the economist could come back to offer a week-long seminar. Chevron told A/DCM that it will continue this program.

16. (SBU) COMMENT: Canada's Burried Hill completed the first round of negotiations for this same block in June, and Lukoil/ConocoPhillips is rumored to also be interested in this area (ConocoPhillips plans to visit August 8, if it can get the needed letters of invitation), which oil experts have indicated shares the same seismics as the Petronas block to the east. The State Agency has already stated that it will not entertain any exclusive offers during the bidding phase. With the most recent phase of delimitation talks just completed between Turkmenistan and Azerbaijan with an agreement to continue talks, some world-class petroleum companies seem to feel that the atmosphere is right to re-enter Turkmenistan, which has been without major petroleum companies since ExxonMobil exited the scene in the 1990's.  
END COMMENT.  
HOAGLAND